

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 654  
**Version:** First engrossment

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**Subject:** Preneed funeral insurance

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### Overview

This bill deals with “preneed insurance,” which is a type of life insurance that pays for an insured’s future funeral, burial, or cremation. The bill consists of two sections that interact with each other in a complex way, but they seem to be designed to make preneed insurance more attractive.

#### Section

- 1**      **Exception.** Amends a section of the chapter dealing with life insurance to specify that preneed insurance is not subject to section 72A.207, which is amended in section 2 of this bill.
- 2**      **Graded death benefits.** Provides that an insurance policy that provides pre-need insurance for goods and services to be needed in connection with a future funeral is not subject to the section of law that permits “graded death benefits” within a life insurance policy. (A graded death benefit within a life insurance policy is less than the face value of the policy in the early years, but increases with the passage of time.)